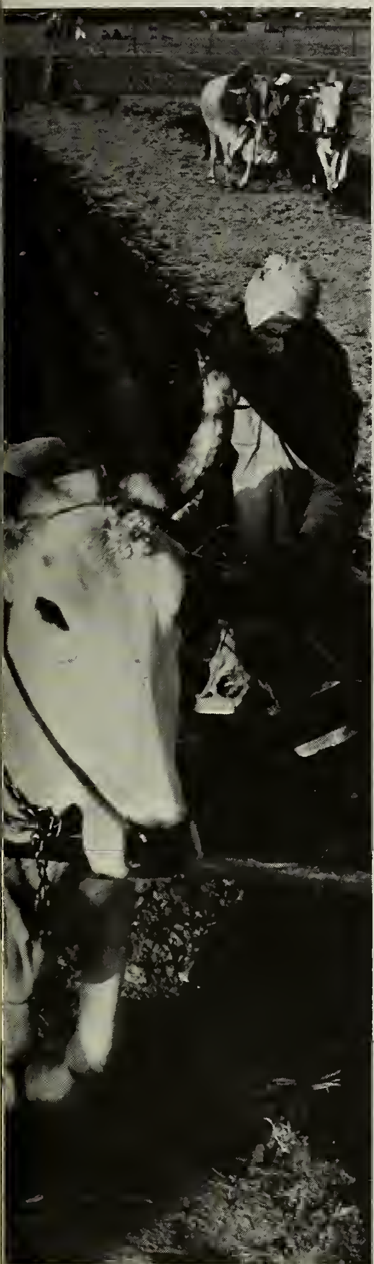
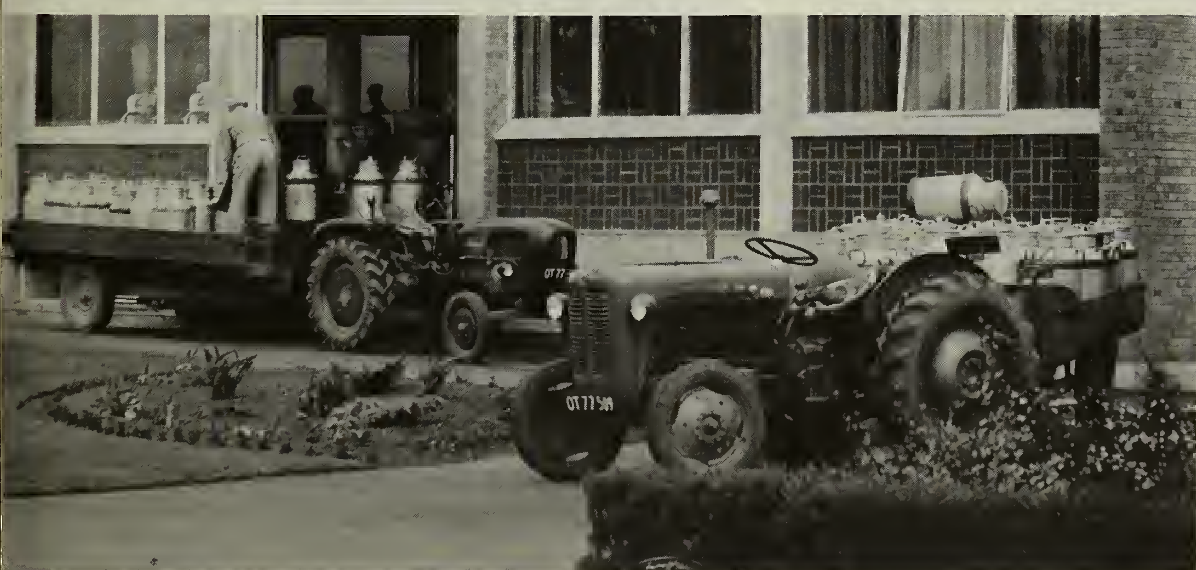
FOREIGN AGRICULTURE



July 15, 1968

India's Rural Credit

Danish Farmers Look at Membership in the EEC



Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VI • NO. 29 • JULY 15, 1968

In this issue:

2 A Quiet Revolution: India's Rural Credit
By Dharam Vir Khosla

5 Danish Farmers Look to EEC for Income Boost
By Marshall H. Cohen

7 Denmark's Economy: A Current Profile

8 Japan—Growing Honey Market
Kenya Tea, Roads Get Extra Push

9 Canada's Prime Minister—on Agriculture

12 Philippine Cattlemen on U.S. Visit
Portugal's Hereford Breeders Form Group

13 GPW To Assist in Establishing School for Venezuelan Bakers
Belgians and Brazilians View U.S. Wheat Industry

14 Crops and Markets Shorts

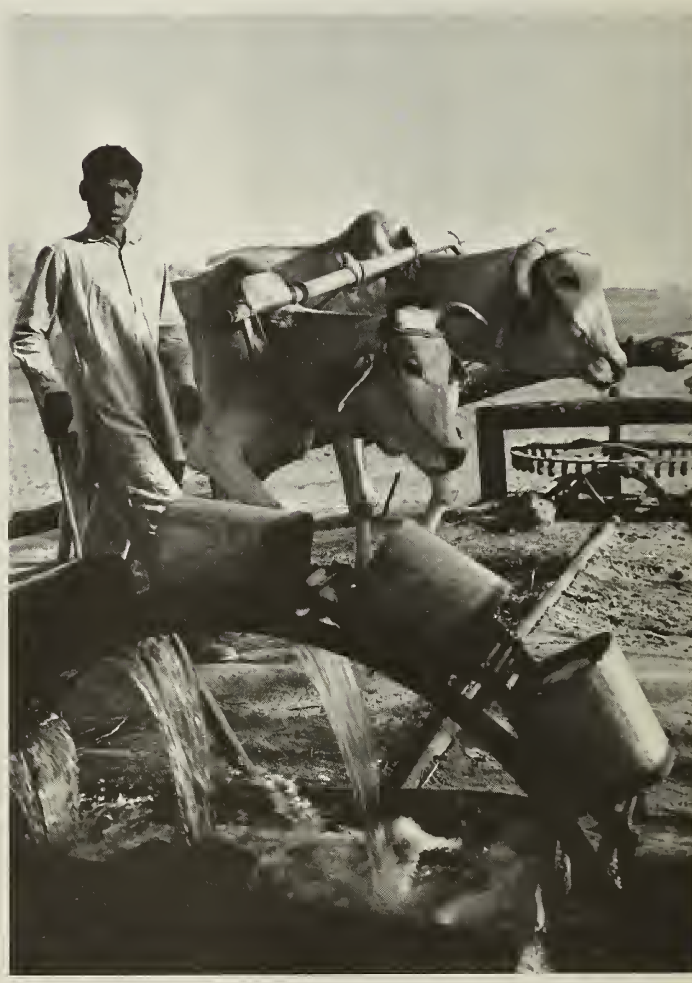
This week's cover:

Indian farmers plow a field. They and others are being helped by the country's various credit systems. (See story this page.) Most of Denmark's farmers, like this one bringing his milk to a plant at Aastrup, would benefit financially should their country join the EEC. (See story page 5.)

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (June 15, 1964). Yearly subscription rate, $7.00 domestic, $9.25 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Right, field of Lerma Rojo S-307, a new high-yield wheat. Below, water is pumped from modern drilled well for irrigating wheat.

A Quiet Revolutio



Old method of wheat irrigation—chain of buckets powered by oxen lift water from open well to canal.

dia's Rural Credit

By DHARAM VIR KHOSLA
Agricultural Analyst
Office of the U.S. Agricultural Attaché, New Delhi

The change from traditional to modern agriculture and higher production is imperative in India both because of its rapidly growing population and its need to improve living standards. Until recently, however, one of the basic requirements for revamping village agriculture—cash for modern inputs—was unobtainable by most farmers at practical rates of interest.

The change from traditional Indian farming to 20th-century agriculture requires many expensive improvements. Some necessities are farmer education, better irrigation, new plant and seed varieties, use of pesticides, and increased utilization of fertilizers.

Traditionally, an Indian agricultural village was nearly self-contained and had limited commercial contact with the outside world. Some food was marketed to cities to buy essentials and to pay the inevitable taxes. Village farmers who needed cash for farm improvements or production generally borrowed from private moneylenders. Because with traditional methods a farmer's output was low, and, equally important, highly variable with growing-season weather, he had a low credit rating. To get funds, a farmer might have to pay a moneylender 30- or 40-percent interest or more. Such loans could not finance the revolution needed in traditional Indian agriculture.

The first recognition of India's farm credit problem came in 1883 when a system of government-financed loans known as Taccavi was introduced. These loans at present provide some 4 percent of the credit available to farmers. However, through the years the administrative machinery of the Indian Government has been unable to cope with most farmers' needs. Necessary approvals in numerous government departments often have resulted in such delays that the value of a loan was largely negated.

Short- and medium-term credit

Cooperatives began lending money to farmers in 1904. They now provide approximately 30 percent of the production loans obtained by farmers. Short- and medium-term credit is extended through a three-tier system composed of 22 State cooperative banks, 346 central cooperative banks, and 192,000 primary agricultural credit societies. The cooperative banks and societies, as a prerequisite to loans, require membership by purchase of share capital. They also accept deposits as would other banks or credit unions. The Reserve Bank of India provides policy direction and additional loan funds to the cooperative banks and societies.

In 1951 the total short- and medium-term credit disbursed was US$48.3 million. By 1961 credit had increased to $426.3 million, and by 1966 to $460 million. In 1967-68 it was estimated at $613.3 million, and in 1968-69, $786.7 million is planned.

Cooperatives have done much to expand badly needed credit at reasonable rates. However, their financial losses due to bad debts have been great enough to endanger the program. Remedial measures are being taken. Some societies are being reorganized, or even liquidated; others have been precluded from additional loans; and management has been tightened to avoid default on collectable loans. In addition, a national agricultural credit stabilization fund is held by the Reserve Bank of India to refinance as medium-term loans such short-term loans as are uncollectable through no fault of the borrower. Where there is acute distress, loans may be written off and covered by State government relief and guarantee funds available for such contingencies.

Long-term credit

A two-tier system of 18 central land-mortgage banks and 670 primary land-mortgage banks administers long-term credit. The banks provide advances to cultivators for capital investment in land development—for example, well sinking,

purchase and installation of engines and pumping sets for irrigation, and leveling and terracing of land.

The Indian Government gives land-mortgage banks gradually decreasing assistance for 3 years after they are initiated. The government helps banks open branches and appoints land valuation officers.

Land-mortgage banks raised their resources mainly by sale of debentures to cooperatives, the Reserve Bank of India, the State Bank of India, and the public.

Amounts lent by land-mortgage banks have risen over the years. In 1960-61 about $24.4 million was advanced in long-term loans; in 1967-68 it was about $100 million. For 1968-69, about $133.3 million is planned as loans.

Until recently commercial banks were an insignificant source of rural credit. However, now they are becoming interested in this type of business and propose to float a private agricultural finance corporation with a capital of $13.3 million. The corporation would be a joint venture of several leading banks, and would have branches near or in farming centers. Private banks have expressed their readiness to allocate $80 million per year for farm credit and to increase it progressively to $320 million by 1971.

New or proposed action

To supplement, support, or strengthen the rural credit system, especially that of the cooperatives, several other programs are in operation or have been proposed.

For example, since 1962-63 a scheme has been in operation for providing outright grants to cooperative societies and banks that have special bad debt reserves. The purpose of the scheme is to encourage cooperative societies to admit more members from the economically weaker sections of the community and to provide them necessary credit.

The Agricultural Refinance Corporation, which began in 1963, assists refinancing central land-mortgage banks, State cooperative banks, and a few cooperative societies.

A crop loan system was introduced in cooperatives in 1966. Such loans provide full production requirements to cultivators for each type of crop they grow. All material inputs are advanced in kind rather than in cash.

Agricultural credit corporations are proposed for situations and areas where cooperative and private credit is inadequate. These corporations would have central and State participation and would be a transitional arrangement until the cooperatives can be strengthened and revitalized and they or banks can provide adequate rural credit. Legislation for the corporations is now being considered by the Indian Parliament.

In spite of all existing arrangements, however, available rural credit falls much short of requirements for rapid agricultural development. Government and cooperative credit facilities have not been equally successful in all parts of India and may not be easily available to all cultivators.

Right, Uttar Pradesh farmers buy improved seed at agricultural fair. Bottom, Andhra Pradesh farmer applies fertilizer to vegetable plot.

Officials in Denmark believe that membership in the European Economic Community would bring Danish farmers higher prices and a wider market for agricultural exports.

Danish Farmers Look to EEC for Income Boost

By MARSHALL H. COHEN
Foreign Regional Analysis Division
Economic Research Service

Hans Christian Andersen, Danish genius of the fairy tale, once reflected wryly that "Life is either tragedy or comedy. In tragedy they die; in comedy they marry each other." Agricultural specialists in Denmark today appear to be applying Andersen's comment to the position of their country's farmers vis-á-vis the European Economic Community. To many of them, tragedy is being left out, while membership in an expanded EEC is the marriage that would bring a rise in farm income and reverse the lag in agricultural exports that has resulted from implementation of EEC policies.

The effects of EEC membership on Danish prices, policies, and exports are covered in the report "Denmark and the European Communities" by a group of Danish Government authorities on economics and agriculture. In the chapter devoted to agriculture they claim that full membership might result in additional income for Danish farmers of over $200 million annually.

Farm prices would rise

The report points out that prices to Danish producers would rise for all commodities except pork when Common Market prices are adopted. (Pork prices in Denmark are already above the EEC level.) Although the EEC has not yet fully implemented its common producer prices, those estimated in the report are considerably higher than Danish prices for a number of commodities. This is because producer prices have been set at relatively high levels in EEC countries, whereas in Denmark they are relatively low, reflecting the high degree of efficiency in Danish agriculture and the necessity of keeping prices in proper relationship to world prices so that exports can be sustained at high levels.

In the report estimates of producer prices effective in the EEC during 1967 and 1968 are compared to Danish prices in 1966. Although devaluation of the Danish krone and fluctuations in EEC prices since the report was published may have changed the comparisons somewhat, the overall relationships are still generally valid. (The report was published prior to the Danish devaluation of 7.9 percent in November 1967; consequently no adjustment for its effect appears. Because of the devaluation, the differential between Danish and EEC prices has widened. Danish farmers have received some compensation for the losses incurred as a result of the devaluation.)

According to the report, membership in the EEC would bring an average rise of about one-third in grain prices to producers. Prices would rise about 20 percent for rye, 30 percent for barley, and 40 percent for wheat. The EEC butter price is 85 percent higher, that of milk 60 percent higher, and that of rapeseed 50 percent higher. With the EEC cattle price 62 percent above the Danish price, membership in the Community would favor an expansion in Denmark's cattle production.

The effect of higher producer prices on retail price levels is difficult to forecast. It would depend ultimately on the extent to which wholesalers and retailers raise their prices and markups as costs increase under EEC policies.

Export markets would expand

The report foresees a widened market for Danish agricultural exports once Denmark joins the EEC. As an outsider, Denmark—which has always been heavily dependent on agricultural exports for foreign exchange earnings—has seen its shipments of farm products to the Six decline sharply even though increased shipments of industrial products caused total exports to rise from $460 million in 1962 to $607 million in 1966. Since inception of the common agricultural policy, demand for Danish agricultural products in the EEC has worsened.

Yet Denmark does produce a number of agricultural commodities which, in terms of price and quality, it could export competitively to the EEC once it gains membership. The Danish report claims that membership would stimulate exports of certain cheeses, beef and veal, and live animals to the EEC, but would have little effect on shipments of pork and eggs. Shipments of pork would continue to go to traditional markets, while those of eggs are unlikely to increase because of larger production in the EEC.

Danish exporters of poultry, live cattle, and eggs have felt the trade loss most severely. From an average value of $25 million annually in 1960-62, exports of poultry meat dropped to $7 million in 1966, largely because of a reduction in shipments to West Germany. Shipments of live cattle dropped one-third during the same period to $35 million because of reduced demand by German slaughterhouses. Some increase in Italian demand for breeding cattle has been noted in 1967-68, but West German demand remains sluggish. Partly compensating for the loss in this trade, some countries outside the EEC, particularly Spain, Czechoslovakia, and Romania, are becoming better customers for Danish cattle. Egg exports dropped from $30.4 million in 1961 to $7.7 million in 1966 as production in the Netherlands, France, and West Germany increased.

The outlook for exports of malting barley, beef and veal, and some cheeses is more optimistic. West Germany's brewing industry has been a major customer for Danish barley, and the EEC variable levy has had no perceivable effect on shipments. Beef and veal exports, particularly to Italy, have been strong, soaring to a value of $44 million in 1966, a rise of about 200 percent from the 1960-62 average. Denmark anticipates an even more favorable market in the EEC as a member since long-range estimates of beef and veal consumption undertaken by the EEC project an increase of about 13 percent between 1962 and 1970. Exports of cheese from Denmark to the EEC rose by 16 percent between 1962

and 1966; however, there is a possibility they will decline if the threshold price on cheese continues to increase.

How would Denmark seek entry?

The manner in which Danish membership in the EEC might be realized has been open to much speculation. The alternatives are three: seeking membership alone, jointly with the United Kingdom, or jointly with other European Free Trade Association (EFTA) members, especially other Nordic states. Although the second has always had the most support, the French veto of Britain's application put some weight on the other two.

Official and unofficial statements in recent years, however, indicate that Denmark is unlikely to seek entry without the United Kingdom, an important market for Danish agricultural exports, particularly pork and butter. In 1966 then Prime Minister Jens Otto Krag said he doubted that an isolated entry into the EEC would solve Denmark's problems. Krag's successor, Hilmar Baunsgaard, added last March in a speech in Stockholm that he did not believe a separate Nordic initiative was advisable at that time although he supported broader Nordic cooperation. He was commenting on opinions expressed by the Economic Committee of the Nordic Council, an organization made up of officials from the Scandinavian countries and designed to coordinate certain policies among these countries. This council has recommended that harmonization of some policies of the Nordic states might expedite EEC membership.

The Danish report underscores the premise that membership would be sought only with the United Kingdom although Denmark would continue to work for the inclusion of as many Nordic and/or EFTA countries as possible in a wider European organization. This is apparently in harmony with Danish policies since the mid-fifties and underlies the spirit with which Denmark applied for EEC membership in May of last year.

Effects on Danish farm policies

As a member of the EEC, Denmark would have to end its two-price market scheme for pork, eggs, poultry, and beef and veal and a similar voluntary scheme for dairy products (implemented privately by the Federation of Danish Dairy Associations). Under the two-price system farmers are supported indirectly through levies included in domestic retail prices, while export prices are maintained at a lower level (see *Foreign Agriculture*, Jan. 8, 1965). This scheme has been a major means of support for Danish producers, providing agriculture about $86 million annually. However, since wages are linked to an index which includes food prices, some economists have criticized the scheme as contributing to chronic inflation.

Dissolution of the two-price scheme would reduce retail prices in the short run. In the longer run, however, prices would be pressured by rising costs, among them the higher cost of imported raw materials since tariffs on these would increase under the EEC system.

Discussions are currently underway between agricultural organizations and the government over possible alternatives to the scheme and the effects these alternatives would have on Danish prices and farm income. One person who favors doing away with the scheme is Professor J. Vibe-Pedersen, who was appointed recently to the Danish Economic Council's presidium. In his view, the scheme results in "maintenance of a loss-incurring export."

Termination of the two-price system is only one of the policy changes that would be required. Although final EEC production subsidies have not been established, it is likely that Danish annual supports for reducing fertilizer prices would end. Partial reorganization of the monopolized sugar industry may be required for consistency with the EEC's common sugar policy; Common Market schemes may also have to replace Danish schemes for rapeseed and industrial potatoes. Danish mixing regulations for bread grains, as well as the current grain scheme under which feed and bread grains are supported by minimum import prices, would be incompatible with EEC regulations and would have to be terminated.

Many other trade regulations would likewise be abolished, including quantity limitations and existing customs tariffs on imports from EEC countries. Limitations and tariffs on imports from nonmember countries would be replaced by Common Market variable levies and the common external tariff. All compensatory duties on grains and skim milk powder shipped to EEC countries will be terminated, as will the Danish seasonal import system for fruits and vegetables. To meet EEC requirements, the present system of granting rebates to producers of pork for export to non-EFTA countries would be modified.

The report anticipates no difficulties should some Danish food laws have to be revised if Common Market rules are introduced since standardization procedures presented in the FAO Codex Alimentarius Commission, of which Denmark is a member, is highly advanced.

If Denmark eventually does become a member of the EEC, it would receive financial support for making the necessary structural changes from two EEC funds, the European Agricultural Guidance and Guarantee Fund and the European Social Fund; it would also contribute to both.

Denmark Bans Winter Barley

Acting on a request from farm organizations, Denmark's Minister of Agriculture has issued an order to prohibit the growing of winter barley for 5 years beginning August 1. This crop acts as a host for mildew fungus during the winter, after which the disease can spread to spring-sown barley.

Although the area in winter barley this year amounts to only about 1,850 acres out of an estimated total barley acreage of some 3 million, the area is scattered throughout the country and represents a continuous threat to all barley growers. The prohibition against the winter variety, by reducing or eliminating mildew fungus, could bring about an increase of 1 percent or more per hectare (2.5 acres) in the average yield.

Barley accounts for about 70 percent of all the grain produced in Denmark. In the 1967-68 crop year, total output amounted to 4,385,000 metric tons, an increase of 226,000 tons from that of the previous year. Introduction of new varieties this year may bring a further rise. During the past 3 years, mildew-resistant varieties have shown considerable increases in yields as compared with the nonresistant varieties, and farmers this year have most likely leaned toward the former. These are all feeding varieties, which command a lower price than do malting varieties but are still able to compete because of their higher yields.

Denmark's Economy: A Current Profile

In few developed countries is agriculture so integral to the entire economy as in Denmark. In fact, last November's devaluation of the krone—hard on the heels of the British devaluation—was enacted largely to protect agricultural exports since some 50 percent of these go to the United Kingdom. Danish officials also hoped it would contribute to a sizable increase in exports of industrial products.

It appears that this year the temporary competitive advantage of the 7.9-percent currency devaluation may be eroded by wage-price increases. In addition, devaluation is not helping agricultural exports, and its effect on industrial exports remains to be seen.

Hourly wages are already up 5 percent this year and will probably go higher, reflecting both the uptrend in living costs and adjustments resulting from a general reduction in working hours. As a result of wage increases, further price rises seem unavoidable, bringing additional deterioration of devaluation gains because of export price increases. Other factors that will inevitably lead to a further rise in consumer prices include an increased value-added tax (12½ percent) and the higher cost of imports following devaluation.

Agriculture's situation

In one effort to hold prices down, the government has frozen home-market prices of agricultural products. At the same time, it has enacted several farm aid programs, including interest-free use of tax receipts, and is compensating farmers for losses they have incurred as a result of the currency devaluation.

Agricultural exports continue to worsen, particularly to EEC countries, even though the government has focused intensely on possible ways to widen foreign markets for farm products, including expansion of EFTA trade and perhaps an eventual European-wide arrangement on agriculture. In short, there seem to be few alternatives to present conditions, under which the important U.K. market takes most of Denmark's exported butter and bacon. The once lucrative West German market has been shrinking increasingly as EEC protectionism comes more fully into play, and so far there are no concrete prospects for mitigating the effects of EEC policies on Danish trade (see article on page 5).

Farm production last year was about the same as in 1966. Fisheries reported increasing catches, but profits were down because of low market prices.

The total value of industrial production was up some last year. According to preliminary official data, it rose moderately in the early months of this year, primarily because of an increase in exportable output. The food, paper, chemical, and machinery and electrical equipment industries all show increases. It is generally expected that the upward trend in output will continue in the months to come as domestic orders also seem to be picking up. Principal beneficiaries will be producers of rubber goods, iron and metal goods, furniture, and beverages. Prospects for early improvement in the leather goods and tobacco industries seem less favorable.

Gradual loss of the advantage achieved by the currency devaluation may affect industrial exports. Hopes for achieving a 20-percent increase in these will hinge primarily on the extent to which the economies of Denmark's major trading partners—the United Kingdom, Sweden, and West Germany—show improvement over 1967.

Denmark continues to have a balance-of-payments problem. Last year its trade deficit amounted to $614 million. The government's economic forecast for 1968 includes a reduction of some $66.5 million in the balance-of-payments deficit, seemingly optimistic in light of developments to date. Denmark buys twice as much from as it sells to West Germany; the EEC takes only 55 percent of total Danish exports, with deterioration of the agricultural share in recent years; trade with other EFTA nations is improving, but the deficit in trade with other Nordic countries continues. Shipping earnings are not significant, and tourism has recently become a net expenditure because of extensive Danish travel.

The United States retains its position as Denmark's fourth largest trading partner after the United Kingdom, West Germany, and Sweden. Picking up substantially in the second half of 1967, imports from the United States were up 15 percent for the entire year. This compares with a 6-percent increase in total imports from all sources and pulled the U.S. share of the Danish market from 7.9 to 8.6 percent. Purchases of U.S. cereals and preparations, which fell off last year, seem to be picking up, and those of oilseeds, the major U.S. agricultural export to Denmark, totaled $50.3 million last year, against $34.9 million in 1966. Prospects are for a continuing upward trend in imports of U.S. merchandise, particularly raw materials, industrial machinery, transportation equipment (chiefly aircraft), and scientific and other instruments.

Economic policy

The new government that was elected in February has instituted a series of fiscal and monetary measures in an attempt to preserve the competitive advantage derived from the November devaluation, reduce inflationary pressures, and encourage business expansion. Specifically, a profits squeeze was extended until November, price ceilings were imposed on services and on certain agricultural products sold domestically, the budget was reduced by about 5 percent, taxes were increased, depreciation rules were liberalized and savings encouraged, and mortgage loan ceilings were raised for commercial construction.

Whether these limited restraint measures will materially control inflation and improve the balance of payments remains to be seen. Central government expenditures are already running 17 percent over 1967, and standards of living, among the highest in Europe, are not likely to be affected. Although sharp increases in income and excise taxes are expected to offset the rise in money incomes, private consumption is likely to stay at present levels.

Lack of an income policy appears to be a significant deterrent to early stabilization of the Danish economy. On several recent occasions, government authorities have referred to the need for such a policy, particularly one that does not automatically link wage movements of certain industrial workers to cost-of-living indices. Although labor unions have so far successfully opposed recommendations for wage restraint, expiration in 1969 of the wage-escalation agreement is expected to pave the way for active government encouragement of a noninflationary wage policy.

Japan—Growing Honey Market

In the last few years, Japan has become a $4-million market for honey and the world's third largest importer, in 1967 topping the 30-million-pound mark.

Mainland China currently supplies half of Japan's honey imports at an overall price for all types of 11 cents per pound. Honey from the United States in 1967 cost 21 cents per pound.

There is potential to expand U.S. honey exports to Japan, but stronger promotion efforts will be needed. The Japanese public and trade showed considerable interest in the American honey exhibited and sold at USDA's Tokyo fair in April 1968.

Despite Japan's rising consumption needs, production seems to have leveled off at about 18 million pounds. Japan, being a small country with limited land resources and a growing urban population, is finding itself faced with ever-diminishing floral sources for its bee industry. Although planted area of oranges has been increasing, the traditional Japanese floral sources of rapeseed and Chinese milk vetch are shrinking in planted areas. At the same time, however, consumption is increasing at a rapid rate.

Japanese eating habits are changing rapidly, with less rice and more wheat products being used. Consequently, demand for spreads of all types has grown by leaps and bounds.

About 80 percent of all honey consumed in Japan goes for table use. The Japanese prefer the types of imported honey most like domestic honey, particularly that made from rapeseed, Chinese milk vetch, or oranges. Uncooked honey of mild flavor is preferred.

Some honey is marketed in cans, but most is bottled. About 60 percent of the honey is marketed in containers which weigh between 200 and 500 grams, net basis. So far, most honey has been imported in bulk form and blended with local honey. Packaged imports from the United States, Canada, and Mainland China are higher in price than the bulk imports.

Regulations on the import of honey were liberalized by Japan in 1963, and honey can now be imported with an ad valorem duty of 30 percent. Almost all foreign trading firms in Japan are interested in the honey importing business.

—Gordon E. Patty
Sugar and Tropical Products Division, FAS

Kenya Tea, Roads Get Extra Push

The International Development Association (IDA) of the World Bank group and the Commonwealth Development Corporation (CDC) of the United Kingdom are providing $13.9 million of financing for additional tea production by Kenyan smallholders and a program of road and bridge building. The Kenyan Government will furnish additional funds.

The IDA and CDC are providing $2.1 million and $1.1 million, respectively, for the expansion of tea production. Approximately 35,000 more acres of tea will be planted. The new tea areas are expected to enable about 26,000 smallholders that are now subsistence farmers to earn cash incomes and improve their standards of living. The new tea areas will be planted with cuttings from selected mother bushes rather than with tea stumps grown from seed. This new technique produces higher tea yields and makes the planting process less costly for Kenyan farmers.

Tea is already one of the chief cash crops in Kenya. (See *Foreign Agriculture*, Feb. 5, 1968, p. 8, for background information on Kenyan smallholder tea production.)

The road and bridge program, which will be assisted by $10.7 million from IDA, is to improve 11 sections of trunk road, to replace 10 single-lane bridges with two-lane structures, to design 14 secondary roads, and to train Kenyans for positions in the Ministry of Works, which controls the country's highway maintenance and construction. Good roads are important to Kenya's economy both to provide access to important farm areas and central markets and for tourists.

Nicaragua's Cereal Imports

Nicaragua's 1967 corn imports nearly doubled 1966's, were near the record level of 1964; they totaled 13,061 metric tons. The corn came chiefly from Mexico, Honduras, the United States, and Costa Rica. Imports of oats for 1967 were also up sharply and came to 2,835 tons. In addition, considerable sorghum was purchased—chiefly from El Salvador.

Preliminary data on wheat imports for 1967 show 28,468 metric tons—almost as much as imported in 1966. But the share coming from the United States jumped from 60 percent to 88 percent. Flour imports (mainly from the United States) were 3,410 tons compared with 3,097 tons in 1966.

IDA, Swedish Loans to Pakistan

The International Development Association (IDA) and Sweden are lending Pakistan the equivalent of $15 million to help carry the country closer to one of its primary development goals: self-sufficiency in foodgrains.

The credits will go to Pakistan's Agricultural Development Bank, enabling it to continue its program of medium- and long-term loans to farmers for irrigation and mechanization equipment. This program was initiated with assistance from a $27 million IDA credit in July 1965.

Irrigation and mechanization have been vital to Pakistan's agricultural programs, which have shown good results so far. Additional water supplies have put more land in use and have permitted double cropping. With machinery, farmers have been able to intensify cultivation, plant the second crop quickly after the first has been harvested, and obtain good results with new seed varieties that require deeper plowing and better seedbed preparation.

Under the new credits, about 3,400 tractors will be made available to medium- and large-sized farms, primarily in West Pakistan. This will mechanize about 340,000 acres of farmland. With tractors replacing about 40,000 to 50,000 draft bullocks, feed will be released for other livestock production. In addition, farm intensification will increase food supplies by some 50,000 to 70,000 tons annually.

Farmers in East Pakistan will get about 5,000 pumps to irrigate approximately 250,000 acres of boro (winter) rice. This is expected to bring additional output each year of from 300,000 to 350,000 tons of paddy that could substitute for foodgrain imports with a net value of up to $25 million a year.

Terms of the IDA and Swedish loans are similar; credit will be extended for 50 years without interest but with a ¾ of 1 percent service charge for administrative costs.

Canada's Prime Minister—on Agriculture

On June 2 in Winnipeg, Canadian Prime Minister Pierre Elliot Trudeau delivered his farm-policy statement. Because of Canada's importance to U.S. agriculture, *Foreign Agriculture* is carrying the statement in its entirety.

The agricultural industry plays a crucial role in the national economy. Over the years it has met the needs of an increased demand for food, has earned about 20 percent of Canada's foreign exchange, has supplied other sectors of the economy with large numbers of workers and has provided a large and growing market for supplies and services. This has been accomplished with essentially no change in total farm acreage and with a decreasing number of workers. Concurrently Canadian farmers have met rising operating costs by increased productivity, both in total and on a per farm basis. More recently, however, because of the rising cost of inputs, the ability of the Canadian farmer to meet the increased cost-price squeeze through productivity has been impaired.

The real problems facing Canadian agriculture are neither simple nor temporary. They are the result of fundamental forces and changes within the domestic and international economies. The solutions must therefore be of a long-term and fundamental nature if they are to promise success. Ad hoc support programs and other short-term measures fail to strike at the root of the problem and often place an unproductive burden on government resources.

We do not for a moment deny the need for immediate measures to deal with pressing current problems. Indeed, we have specific proposals to present. However, we do not wish such interim measures to be confused with or to delay the progress of effective long-term development and adjustment. In addition, we recognize that governments cannot expect to solve the problems alone. The kind of programs required can only result from the combined efforts of all the individuals, companies, associations and authorities whose activities relate to the agricultural industry.

Research a vital aspect

One of the most vital aspects of long-term development, and one where the approach of total industry involvement can contribute a great deal, is research. Research must be understood and pursued in its broadest sense—continued research in wheat and other grain and produce varieties, research in animal products, research into the whole field of agricultural technology to protect the Canadian producer against missing a single step in the continuing quest for increased productivity, and research into domestic and world markets to assure that we can and do produce those products most in demand. Intensive study in these and other areas is more than ever, in this rapidly changing world, a powerful tool in guaranteeing the future health of our agricultural industry.

This government has done much to encourage the Canadian agricultural producer and the industry as a whole to move toward rationalization and efficiency. The Crop Insurance Act has been amended to provide for wider, more adequate coverage, with programs now being in effect in almost every province in Canada and with participation growing annually. The coverage of farm credit has been extended, and the limits increased in order to permit farmers better to adjust to the changing technology of today's agriculture. The Canadian Dairy Commission has been established and with it a long-term program designed to bring order and adequate income to efficient industrial milk and cream producers. The gross return to producers for manufacturing milk today is $4.85 per hundredweight, up from $2.62 just six years ago. The effectiveness of this program can best be judged by the growing size of farm enterprise as measured by the fact that deliveries per producer have increased from 766 hundredweight to 1,200 hundredweight over the same period.

The Livestock Feed Board has been established, whose role is to assist eastern livestock producers to meet their problems of a continuous and adequate feed supply. A new agreement under GATT has been negotiated with significant agricultural content, and along with it an international grains arrangement that has as its main feature a higher price range involving 21 cents per bushel more for Canadian wheat, coupled with a new program of multilateral food assistance made up by contributions from both wheat importers and exporters. In development assistance, the government has announced a goal for total aid of 1 percent of the gross national product. Wheat and flour will continue to represent an important share of this increasing expenditure. The Barber Commission on farm machinery has been appointed and will report next year.

Information assistance for the farmer

Because of the increasing complexity of farming, there is an urgent need for farm management information assistance for the family farmer in all regions of Canada. Working with the provinces, a comprehensive electronic mail-in farm record and data system is being developed. This system will be able to handle a wide variety of farm records, from a simple financial record of a small farm business to detailed cost accounts for large family farm business, including costs and returns for each farm enterprise to show which parts of the farm are making or losing money and why. It will be able to service highly specialized farms as well as large and small mixed farms. This management and data system will provide farmers with the tools to analyze their business and will help them to pinpoint strengths and weaknesses. This kind of program has the potential to increase farm income very significantly through improved management practices. Much has been done, and much more needs to be done, but the planning calls for a pilot project early next year with the program being available for general use in the following year.

Perhaps the best indication of this government's recogni-

tion of the need for joint planning on the part of governments and all segments of the population has been the establishment of the Task Force on Agriculture. This Force will suggest guidelines that can serve as a basis to the solution of the many problems of agriculture. The Force, which will report in December of this year, is a group of capable and dedicated men undertaking a complete study of Canadian agriculture. Subsequent to the presentation of their report, a national conference on agriculture of all segments of the industry and governments will be held at which national goals and policies will be developed.

New proposals for agriculture

This we believe is the rational, orderly manner in which agricultural policy must be developed—however, the world does not stand still in the interim—programs must be enunciated to meet current situations. As has been indicated, there are no easy solutions—we must move ahead—there must be joint involvement and joint development of programs. With this in mind, the government is submitting for consideration, discussion and development the following proposals, proposals that it believes could serve as a basis to meet current problems without prejudice to the more orderly and long-term approach envisioned.

Small farm policy. While the situation varies from commodity to commodity, in general 30 percent of Canada's farmers produce 70 percent of our agricultural production. This great variation in farm size and with it productivity renders the development of agricultural programs appropriate to varying farm sizes most difficult. The problem could be met through the institution of a system of farm differentiation by productivity and size. This differentiation could provide a basis for modifying programs to meet the particular needs of farms of different sizes. The concept is that farmers themselves could reach the decision as to their own classification for this purpose. All farm programs could then be designed, taking into consideration the special needs of the smaller farmers, and the social aspects of such programs could be recognized and measured. Programs for all other farms could be those consistent with a larger scale viable operation. In return for the differential level of assistance the smaller farmer could undertake that at the time the farm passed from his possession he would not dispose of it for other than farm consolidation or for movement into the public sector. Thus the special programs designed for farmers in this category would not perpetuate the problem.

National marketing boards. More and more farmers are turning to marketing boards to provide them with a vehicle for the orderly marketing of their products. Existing boards established under provincial authority are finding it increasingly difficult to operate due to altered conditions brought on largely through changes in the technology of transportation and product handling. To meet this situation and to complement the action of provincial boards through the provision of a basis for orderly inter-provincial and export marketing, the government proposes to introduce special legislation to provide for commodity marketing boards as the particular need for each commodity becomes evident.

In order to meet the difficulties of divided jurisdiction in the area of the marketing of agricultural products, the government would undertake to raise for discussion with the provinces the possibility of providing overall authority for the marketing of agricultural products as a federal responsibility.

Farm credit. The government proposes to amend the farm credit legislation to provide for broadened applicability and to stimulate the entry into the industry of younger people. These amendments would provide increased coverage for farmers desirous of acting in partnership, would improve the ability of farmers to enter into agreements with their sons, and would facilitate the entry into farm ownership of young farmers who have demonstrated superior managerial ability. Action would also be taken to expand the activities of the Farm Machinery Syndicated Credit Act to provide for loans on permanent installations, housing, specialized equipment for the joint use of several farmers, and for allied purposes. The provisions of the Farm Improvement Loans would be expanded, and the operations of this Act integrated with those of the Farm Credit Corporation.

Canada's wheat achievements

Canada's wheat achievement during the last four years is unparalleled. No Government in Canada's history has worked more effectively in the interest of wheat producers. This period has seen the highest level of production, exports, wheat prices, and farm income ever recorded in the history of the Canadian Wheat Board. The record of achievement:

- Average wheat exports of 522 million bushels compared with 324 million bushels in the previous four years.
- Average Prairie farm income from wheat of $944 million compared to $580 million in the four-year period 1959-60 to 1962-63.
- The conclusion of eleven long-term agreements involving 1.5 billion bushels of wheat.
- Assumption of credit risks on wheat to an amount of $500 million compared with $200 million in 1962.
- Food aid rising from the austerity level of $14.5 million in 1962-63 to a record $100 million in the fiscal year 1966-67, when emergency needs of India and other hungry nations were particularly great.
- Negotiation of a new International Grains Arrangement with a significantly improved price range (21 cents higher for Canadian wheat) and a new program of food aid assistance.
- Support of a selling price of wheat basis No. 1 Northern at the Lakehead of $1.95½ from August 1967 to June 1968, pending implementation of the International Grains Arrangement.

A great number of organizations and private firms worked along with producers in contributing to this achievement. The Canadian Wheat Board deserves special credit and in recognition of this, and in response to the demands of grain growers, the government acted in 1967 to make the powers of the Canadian Wheat Board permanent.

Canada's export objective

The Canadian Government is confident of Canada's capacity to grow and sell the wheat that the world demands. Both the government and the Canadian Wheat Board are determined to maintain and improve Canada's share of the world wheat market. The objective is to secure 25 percent or better of world wheat trade, or, in quantitative terms, 1.3 billion bushels of wheat exports in the next three years. To attain this level of wheat exports, the government is prepared to give all necessary support to the selling operation of the Canadian Wheat Board. In furtherance of these objectives, the government will:

• Continue to subscribe to and fully support the International Grains Arrangement.

• Review and amend credit facilities available to improve the competitive position of Canadian wheat on world markets.

• Continue a high level of wheat and flour in Canada's Food Aid Program. The government has announced a goal for total aid of one percent of the gross national product. Wheat and flour will continue to represent an important share of this increasing expenditure.

• Establish a National Grains Council.

Achievement of all our objectives will require a determined team effort. The grain industry represents the combined activities of tens of thousands of Canadians engaged in a wide variety of occupations. The energies, experience, and ideas of representatives of all related groups must be harnessed to the task. These must include not only producers and governments, but also elevator companies, shippers, exporters, railroads, co-operatives, marketing and inspection boards, farm organizations, agricultural scientists and sales and marketing experts.

There must be a forum established where representatives of these groups can meet and play their part in planning and action. In consultation with the industry, this government intends to proceed at once to establish a National Grains Council in order to involve in a real and productive way the various elements of this great industry. The main purpose of the Council would be:

• To review, appraise and make recommendations on any existing or proposed program or development associated with any facet of the grain industry.

• To assist and participate in the promotion of exports of Canadian grains.

• To assist in the promotion of research in all aspects of the grain industry and to encourage maximum utilization of research done in Canada and other countries.

• Generally to provide improved liaison between industry and government and between various elements of the industry.

It is further proposed that a Secretariat be established to assist the Council, and the cost involved in the Council's operation be shared equitably between the government and various interests involved.

These forward looking measures are designed to provide maximum assistance to the western grain producer in his quest for volume exports at the highest possible price.

Income protection for grain producers

Variations in world supply-demand relationship do give rise to problems for Canada's exports of wheat and flour although even this year's anticipated level of 340 million bushels compared favorably with what was formerly considered a good performance. Following two successive record world wheat crops, demand for our wheat has been less this year.

Variations in world cereal supply-demand give rise to year-to-year fluctuations in Canadian grain sales and farm income. These fluctuations creat difficulties for grain farmers in making forward operational plans. To meet this problem, the government will immediately involve all interested parties in the development of a self-sustaining program of income protection for western cereal producers. Various alternative systems are possible, and farm leaders have suggested several variations. The basic concept is a program under which farmers would be provided with minimum income assurance against declines in prices or marketings.

Resolution of this problem will be sought in sufficient time to bring in legislation to permit implementation of a program early in 1969 should it be required.

Subject to producer wishes and provincial support, the government is prepared to undertake discussions and consultation with other grain and corn producers and other groups with a view to establishing income protection programs having an objective similar to that envisioned for the western cereal producers.

Improved cash advances

To meet farmers' needs for operating funds at harvest time, Advance Payments will be increased, as soon as possible, to provide for the doubling, to $6,000, of the amount available to individual farmers as interest-free loans on farm-stored grain. At the same time the burden of repayment will be eased by reducing the rate of repayment.

Costa Rica's Banana Boom

Costa Rica's ever-changing banana industry is entering another boom period.

Beginning this year, production is expected to grow rapidly, with bananas overtaking coffee in 1969 as Costa Rica's main foreign exchange earner.

Total banana acreage is expected to grow to 49,000 acres in 1969 and 59,000 in 1970, and exports are to climb from an estimated 20 million boxes ($32.4 million) in 1967 to over 50 million ($75 million) in 1970. To accommodate the greatly increased banana production and trade, the Government of Costa Rica plans to build a new two-berth pier in Limon by 1970.

The largest growth in output will take place in the Atlantic Zone, where one major company plans to invest $7.5 million in a substantial increase in its acreage. Total new banana investment in this region could be well over $20 million as other companies begin operations. All companies here but one buy fruit under contract, and numerous independent producers have begun operations. The national banks have already loaned $5.7 million to independent producers, financing about 13,000 acres of the 40,000 presently under cultivation in the country.

New variety aids expansion

On the Pacific side, a higher yielding variety has been introduced which will allow a major production increase without any drastic change in acreage.

The recent expansion means another sharp upturn in an industry that has experienced wide fluctuations throughout this century. At the beginning of the century, Costa Rican producers were enjoying a brisk business and managed to push production to 10 million stems by 1907. But Panama disease hit the crop in subsequent years, dropping output to 3 million stems in 1930. It then rebounded to 11 million stems in 1952, only to fall back to 6 million in 1959.

Since then, output has been on the rise, hitting 14.2 million stems in 1965, 16.4 million in 1966, and a preliminary 16.7 million in 1967. The crop has long been attractive to the government because of its foreign exchange earnings, practically all of which are obtained in the United States.

Left, a Brangus bull's-eye view of some team members visiting the Letter M ranch at Cypress, Tex. Below at the Bud Adams ranch in Waller, Tex., Edwin Bueno, observer, and his father Valeriano, team member, move away from one Brangus group toward another.

Philippine Cattlemen on U.S. Visit Buy Many Specimens of Beef Breeds

That cattlemen of the world's warmer climates have much in common, including the kinds of cattle most useful to them, is a fact that became clear when 11 Philippine cattlemen visited Texas, Louisiana, and Florida this June on a goodwill mission. Not only did the goodwill flow freely in both directions, but 240 U.S. beef cattle—including 44 bulls—changed owners as the vistors discovered that U.S. Brangus, as well as the already familiar Santa Gertrudis and Brahmans, met their needs.

One of the primary purposes of the trip was to observe what U.S. beef cattle breeds were flourishing under climatic conditions similar to those of the Philippines. The Philippine Government is contemplating the purchase of 5,000 to 10,000 head of cattle within the next 5 years, which they hope will make a substantial improvement on their domestic breeds of cattle and thus increase their production of beef.

Another assignment, undertaken at the request of the Philippine Undersecretary for Agriculture, was to talk over with American officials and businessmen the possibility of joint cattle enterprises with Filipinos, like the joint poultry and swine enterprises now in operation in the Philippines. The Secretary had in mind a purebred cattle farm where Philippine livestock men could obtain their supplies of breeding animals.

During its 2-week stay in the United States, the Philippine team visited 29 ranches in all: Five Brahman, four Brangus, and five Santa Gertrudis in Texas; three Brahman and one Brangus in Louisiana; and five Brahman, four Charolais, and two Santa Gertrudis in Florida. In addition to visiting cattle ranches in the three States, the team observed two feedlots, two livestock auctions, and a packinghouse.

Team members were: Juan O. Chioco, president of the Federation of Cattle Raisers' Association of the Philippines; Maurice C. Nubla, Federation secretary; Valeriano C. Bueno and Oscar Olegario, Federation directors; Antonio Nocom and Carlito T. Lim, Federation members; Guadencio Beduya, governor, Development Bank of the Philippines; Verden C. Gangilan, assistant manager of the Bank's agricultural department; Joseph C. Madamba, beef cattle division, College of Agriculture, University of the Philippines; and Philip Nocom and Francis Edwin Bueno, observers.

Three members of the team bought cattle during the trip and planned to make further purchases in the near future. All appeared impressed with the livestock and ranches they visited; indications are that they will recommend to the Development Bank of the Philippines and to the Philippine Government that a large share of the Philippine Republic's imports of livestock should be obtained from the United States.

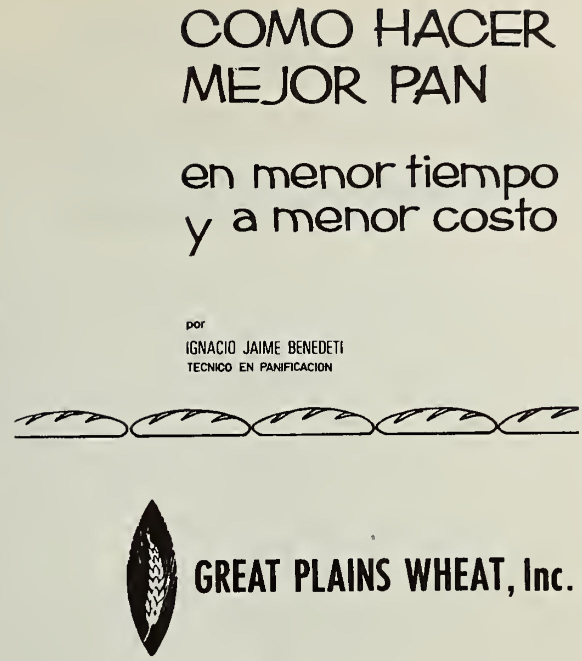
Portugal's Hereford Breeders Form Group

The International Hereford Association has welcomed to its ranks a member group from Portugal, the Associaçao Portuguesa de Criadores de Gado Hereford (Portuguese Hereford Cattle Breeders Association). Founded this year by eight Hereford cattle owners (both individual and corporate), the organization is nonprofit and has the purpose of promoting the Hereford cattle breed in Portugal through shows, auctions, and sales and of establishing contacts with similar foreign organizations. If authorized by the government, the Association will manage the Portuguese Hereford Cattle Herdbook.

Portugal's Herefords are mostly somewhat recent arrivals of U.S. and British origin. In 1967 and the first half of 1968, Portuguese imports of U.S. Herefords totaled around 2,000 head; and, as attendance and sales at the Santarém fair this June plainly showed, interest in the breed continues vigorous.

The new organization's statutes were recently issued in the monthly magazine *A Voz da Lavoura* (Voice of Agriculture), published by the official National Farmers Corporation. They provide for a General Assembly composed of the eight founding members and the "effective" members—individuals or corporations breeding Hereford cattle, whose admission is to be approved by the Managing Board. The three- to five-man Board itself is elected by the Assembly.

GPW To Assist in Establishing School for Venezuelan Bakers



Right, cover of a bakers' booklet adapted to Latin American baking practices, written by Bakery Technologist Ignacio Benedeti, and recently printed for distribution in that area. The booklet's title, in translation, is "How To Make Better Bread—in less time and at less cost."

Venezuelen bakers will have a chance to learn some of the new tricks of their trade at the Bakers' Training School that the Venezuelan Vocational School (INCE) plans to open in Caracas this summer, in cooperation with Great Plains Wheat and FAS.

One of the most useful tricks will be the technique of handling the unfamiliar mixture of domestic and imported wheats they are now receiving from millers. Of the imported wheat, over 60 percent is of U.S. origin. Most bread consumed in Venezuela is the French-style loaf; but Caracas has two large industrial bakeries producing an American-style loaf that is gaining in popularity.

Market surveys have shown that most of Latin America has urgent need for a good loaf of bread that can be produced economically and sold at a low price. INCE, created to increase the skills of the Venezuelan labor force, is joining GPW to provide Venezuelan bakers with the basic professional know-how for filling this need.

Venezuela's baking industry is 75 percent mechanized. In the Caracas area alone, there are about 5,200 persons employed in bakeries. Initial GPW-INCE plans call for setting up one school in Caracas, with two additional schools to be scheduled soon elsewhere—perhaps alternating between four cities.

The school is patterned after the very successful ones GPW helped establish in Colombia and Guatemala. Eight bakers have been undergoing preliminary training in teaching techniques and classroom procedures and will be given additional instruction in bake shop practices before the school is opened. They must be over 25 years of age and have had at least 6 years of primary schooling and 5 of baking experience. Each must also pass a written examination and a practical test on bread making.

INCE plans on conducting three or four courses the first year, with at least 20 students in each class. INCE provides the facilities and equipment for classrooms and bake shops, prints textbooks and other teaching materials, and pays instructors' salaries. GPW provides technical assistance in the form of a master baker, plus consultation on any problems that may arise.

Belgians and Brazilians View U.S. Wheat Industry

Crisscrossing America in early July were wheat teams from Brazil and Belgium, under the sponsorship of Great Plains Wheat in cooperation with FAS. The Belgians were winding up a 3-week tour; the Brazilians, beginning one.

Both countries are markets for U.S. wheat. Brazil's potential in that regard is "as vast as the country itself," according to C. W. Pence, GPW's executive vice president. Its imports of U.S. wheat for the first 10 months of this marketing year totaled 44.1 million bushels, he said. The United States is currently its leading wheat supplier, he added, but competition is becoming increasingly keen.

Belgium, a market for quality wheat and a dollar customer, currently imports U.S. Hard Red Winter, Northern Spring, and durum. In the first 10 months of the marketing year, its imports of U.S. wheat totaled 7.4 million bushels.

The two teams took their U.S. tours essentially in reverse order, the Belgians beginning in Chicago on June 17 with a visit to the Board of Trade, the Brazilians planning to stop there just before the end of their trip. Both parties scheduled visits to Minneapolis (the Grain Exchange and the Creamettes pasta plant); Fargo, N. Dak. (the cereal technology and agronomy departments of the State University, to review developments in spring wheat); Kansas City, Mo. (the Board of Trade, Doty Laboratories, barge-loading facilities on the Missouri River); and Manhattan, Kans. (the Food and Feed Grain Institute at Kansas State University, for a discussion on winter wheat research). Both also planned to observe wheat areas and country elevators en route, in North Dakota, Kansas, and Oklahoma.

For the Belgians, other stops included a continuous-mix bakery at Denver and the export facilities of New Orleans. For the Brazilians, plans began with a tour of the Port of Houston and included 2 days in Nebraska (for terminal facilities, a flour mill, and a wheat quality research laboratory in Lincoln; barge-loading and the Grain Exchange in Omaha; an experiment station at either Sidney or North Platte; and a view of harvesting operations).

Belgian team members—all flour millers—were Gerald Bertot, Jr., of S.A. Moulins de Trois Fontaines; M. Ruiz de Arcaute, of Moulins van der Stucken S.A.; Karel van den Bossche, of Scheldemolens, N. V.; Pierre Quaeyhaegens, of S.A. Meunerie Bruxelloise; and Adrien Peters, of Moulins Hungaria, S.A.

Brazil's team was Cyro Freire Cury, of the Bank of Brazil's Wheat Import Branch; Luiz Buaiz, of Buaiz S/A Industria e Comercio Mill; and Horacio Marofa, Executive Secretary, Sao Paulo Millers Association.

CROPS AND MARKETS SHORTS

Estimated Meat Imports Revised Upward

The U.S. Department of Agriculture's third quarterly estimate of imports of meat subject to P.L. 88-482 into the United States during 1968 places the expected total at 935 million pounds. Although this quantity is 10 million pounds above the estimate announced in March, it is 110 million below the amount which would require Presidential action to invoke meat import quotas for 1968. Thus, such quotas will not be necessary at this time.

P.L. 88-482 provides that if yearly imports of certain meats—primarily beef and veal—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to invoke a quota on meat imports. The adjusted base quota for 1968 of 950.3 million pounds was announced in December. The level of estimated imports which would trigger its imposition is 1,045.3 million pounds.

The upward revision of the estimate occurred after a survey of supplying countries made in June indicated that shipments would be somewhat higher from Central America, Canada, and New Zealand than had been earlier anticipated. Imports were up 15 percent during the first 4 months, but this trend is not expected to continue during the remainder of the year.

Domestic demand for beef continues to be strong and June prices received by farmers for cattle were above year-earlier levels. Prices are expected to continue ranging from steady to strong throughout the summer. In any event, USDA is closely following present and prospective import levels and is prepared to move quickly should it become necessary.

IMPORTS OF MEAT SUBJECT TO P.L. 88-482

Month	1965	1966	1967	1968
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
January	28.2	51.4	77.4	80.7
February	34.5	60.3	58.5	72.6
March	68.7	49.4	61.9	64.1
April	32.4	63.3	58.8	78.4
May	52.3	52.0	51.5	—
June	41.9	100.2	69.6	—
July	58.5	61.4	88.7	—
August	59.9	87.1	92.2	—
September	62.2	91.5	89.7	—
October	64.4	79.7	91.8	—
November	57.2	61.1	82.3	—
December	53.7	66.0	72.4	—
Total	613.9	823.4	894.9	—

First Quarter U.K. Lard Imports Climb

The United Kingdom's imports of lard during the first 4 months of 1968 totaled 133.7 million pounds—up 9.2 percent from the 122.4 million imported during the same period in 1967. This percentage rate of increase is not expected to be maintained for the remaining 8 months of this year. Imports for full calendar year 1968 may approach 420 million pounds, compared with 414 million in 1967 and 409 million in 1966. The use of lard in the manufacture of compound fats and margarine continues its downward trend. Any reversal of this trend is being impeded by the ever growing and increasing world availabilities of lower priced competitive vegetable and marine oil substitutes.

Larger imports from Belgium, Italy, France, Sweden, the Netherlands, Switzerland, and the United States more than offset reduced takings from West Germany, Romania, Denmark, and Poland. Significant changes have occurred from last year in the imports from supplying countries. Takings from Italy rose to 12.0 million pounds from only 700,000 for January-April 1967. Imports from Romania dropped to 8.1 million pounds from 13.3 million, and takings from Poland amounted to only 224 pounds as opposed to 10.0 million during the first 4 months of 1967.

Belgium was the principal supplier during the first 4 months of 1968. Imports from that country totaled 50.1 million pounds, compared with 37.3 million in January-April 1967 and accounted for 37.5 percent of total U.K. imports. Imports of U.S. lard, at 32.1 million pounds, were only slightly above the January-April 1967 level of 31.9 million pounds. However, the U.S. percentage share of total imports dropped to 24.0 percent, compared with 26.1 percent for the first 4 months of last year.

UNITED KINGDOM LARD IMPORTS

Country of origin	Jan.-April 1967 Quantity	Jan.-April 1967 Percent of total	Jan.-April 1968 Quantity	Jan.-April 1968 Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
Belgium	37,260	30.4	50,128	37.5
United States	31,912	26.1	32,106	24.0
Italy	709	.6	11,984	9.0
France	5,618	4.6	9,465	7.1
Netherlands	7,352	6.0	8,577	6.4
Romania	13,269	10.8	8,119	6.1
Denmark	8,347	6.8	6,864	5.1
Germany, West	6,167	5.0	2,957	2.2
Sweden	1,174	1.0	2,149	1.6
Switzerland	277	.2	1,291	1.0
Poland	10,016	8.2	(1)	—
Others	328	.3	82	—
Total	122,429	100.0	133,722	100.0

1 Less than 500 pounds.
Henry A. Lane & Co., Ltd.

No Change in Canada's Lamb, Wool Support

Canada's 1968-69 price support programs for lamb and wool will be the same as for the 1967-68 marketing season, the Minister of Agriculture announced June 7. The continued support program for the sheep industry is to encourage producers to increase the output of lamb and wool. Canada is a net importer of these commodities.

The support price for lamb in Canadian currency is $18.80 per 100 pounds and 60 cents per pound for wool of eligible grades. The lamb program applies only to Choice and Good grades in the carcass weight range from 35 to 56 pounds. To receive a wool deficiency payment under the 1968-69

program, a producer must market at least 20 pounds of the eligible grades through a registered wool warehouse during the current marketing season.

No deficiency payment was made to lamb producers during the last marketing season ending March 31, 1968. The national average price of $25.12 exceeded the support price by $6.32 per 100 pounds. A deficiency payment of 27.9 cents was paid on the 1967-68 wool clip.

Weekly Report on Rotterdam Grain Prices

Between June 25 and July 2, 1968, prices of U.S. Soft Red Winter in Rotterdam decreased 1 cent and U.S. Spring increased 4 cents. Canadian Manitoba was down 2 cents, while the price for U.S. Hard Winter was unchanged.

U.S. and South African corn decreased 1 cent, while offers for Argentine corn remained the same.

A listing of the prices follows.

Item	July 2	June 25	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.02	2.04	2.19
USSR 121	1.88	1.88	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	2.01	1.97	2.13
U.S. No. 2 Hard Winter, 14 percent	1.99	1.99	1.99
Argentine	(1)	1.91	(1)
U.S. No. 2 Soft Red Winter	1.73	1.74	1.71
Corn:			
U.S. No. 3 Yellow	1.30	1.31	1.55
Argentine Plate	1.50	1.50	1.59
South African White	1.48	1.49	1.63

[1] Not quoted.

Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Chinese Honey Invades British Market

The United Kingdom imported 1,200 metric tons of honey from Mainland China last year. This was more than twice that of the previous year and almost 10 percent by weight of total imports, which came from more than 30 countries. Chinese honey is still selling at $180 to $228 per ton, while prices for honey from all other origins are well above $240 per ton (10¾ cents per lb.).

Honey from Mainland China is dividing the market in the United Kingdom, but it is not depressing prices. It is used entirely for industrial purposes; therefore, the growth of China's share in the market is mainly affecting these honeys.

China's honey has reportedly taken business away from Australia and perhaps other countries. To widen the division between industrial and table markets, Australia is attempting to put more emphasis on quality. Argentina has a shortage of honey this year and has recently raised prices. Mexico has also raised prices.

U.S. exports of honey to the United Kingdom, while small, have been on an upward trend. Exports in 1967 amounted to 1.4 million pounds, compared with 1.1 million for 1966.

U.S. Cotton Exports Decline During May

Exports of U.S. cotton in May totaled 383,000 running bales, compared with 406,000 last month and 416,000 in May of 1966. Shipments in the first 10 months (August-May) of the current season totaled 3,571,000 bales, compared with 4,142,000 during the same period a year earlier.

Cotton shipments to Japan, Korea, Taiwan, Hong Kong, Philippines, Thailand, and India this season have totaled 2,284,000 bales, or about two-thirds of the U.S. cotton exports. The cotton exports to these seven Asian countries are about 3 percent below the level of a year ago.

While exports to Europe in the first 10 months of this season are down approximately 18 percent from those of a year earlier, exports to Italy, currently the largest European importer of U.S. cotton, are only slightly below those of the same period last season.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1			Aug.-May	
	Average 1960-64	1965	1966	1966	1967
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	3	4	4	1
Belgium-Luxembourg	121	43	52	50	38
Denmark	14	7	8	6	8
Finland	17	8	15	15	9
France	319	108	163	149	133
Germany, West	269	92	159	150	94
Italy	345	102	263	237	229
Netherlands	110	38	31	30	32
Norway	13	10	10	10	5
Poland & Danzig	125	42	78	71	65
Portugal	21	6	1	1	8
Spain	74	10	1	1	6
Sweden	81	59	71	66	68
Switzerland	74	35	79	75	56
United Kingdom	244	131	153	135	111
Yugoslavia	112	.169	139	138	59
Other Europe	17	12	11	11	22
Total Europe	1,979	875	1,238	1,149	944
Australia	61	33	17	14	17
Bolivia	7	4	9	9	0
Carada	353	269	297	258	131
Chile	18	3	3	3	1
Colombia	3	57	1	1	0
Congo (Kinshasa)	6	25	34	8	(1)
Ethiopia	9	20	9	6	20
Ghana	1	1	15	9	5
Hong Kong	148	94	183	168	250
India	314	63	289	225	307
Indonesia	40	(1)	161	161	44
Israel	15	5	2	2	3
Jamaica	4	5	5	5	1
Japan	1,192	705	1,293	1,180	939
Korea, Republic of	261	301	372	286	296
Morocco	12	12	14	13	23
Pakistan	14	6	3	3	18
Philippines	123	93	134	123	109
South Africa	41	27	38	37	21
Taiwan	209	178	373	327	307
Thailand	34	55	70	56	76
Tunisia	2	13	15	14	14
Uruguay	6	(1)	0	0	0
Venezuela	8	5	1	1	(1)
Vietnam, South	46	73	66	62	15
Other countries	18	20	27	22	30
Total	4,924	2,942	4,669	4,142	3,571

[1] Less than 500 bales.

Israel Suspends Cotton Subsidy

Higher prices for cotton in the international markets have allowed Israel to abolish its cotton subsidy program for 1968-

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEE PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

69. The subsidy program had supported producer prices above the international level, restricted imports of raw cotton, and paid a subsidy on raw cotton exports.

Production in Israel in 1967-68 (August-July) is placed at around 130,000 bales (480 lb. net), compared with 115,000 a year earlier. The larger crop was produced on 65,000 acres, compared with 51,000 the previous year. Most of the increased acreage was nonirrigated. Recent production costs analyses in Israel indicate that production costs per ton are lower on nonirrigated land than on irrigated land.

Israeli cotton exports have been increasing and in 1966-67 totaled 37,000 bales. This compares with 25,000 bales in 1965-66. Shipments during August to February 1967-68 totaled nearly 39,000 bales, up from the approximate 30,000 shipped during this same period of 1966-67. Cotton is exported primarily to Europe.

Imports in 1966-67 were around 27,000 bales, down from 44,000 the previous year. About 14,000 bales were imported in the months August to February of the current season. Cotton is imported from a number of countries; however, until last season the United States was by far the largest supplier. In 1966, Uganda supplied 8,000 bales, while purchases from the United States amounted to only 4,000 bales. Israel expects to eventually limit imports to extra-long staple cotton, which is not produced in the country.

Consumption is estimated at around 110,000 bales in 1967-68, about equal to the previous year's level, but down from the record offtake of 115,000 bales in 1965-66.

West Germany Produces Fewer Cigarettes

Cigarette production in West Germany (including West Berlin) last year fell slightly to 107.1 billion pieces from 108.5 billion in 1966. However, the drop of 1.2 percent in output was less than anticipated following the increase in retail prices effective March 1, 1967.

U.S. Unmanufactured Tobacco Imports Down

General imports (arrivals) of unmanufactured tobacco fell to the lowest level of the year in April 1968. A total of 25 million pounds, valued at $12 million, was imported, compared with 37 million pounds for $23 million in April 1967. Noteworthy in the April 1968 takings was a large shipment of cigarette-type tobacco (either flue or burley) from Korea—1.2 million pounds, valued at $380,420 or 33 cents per pound. For the year to date, the United States has imported 6 million pounds more unmanufactured tobacco than for the same period in 1967.

UNMANUFACTURED TOBACCO IMPORTS

Kind	April 1967		April 1968	
	Quantity	Value	Quantity	Value
	1,000 pounds	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
Cigarette leaf (flue & burley)	106	26	1,806	552
Cigarette leaf, other	32,730	21,540	16,834	9,189
Wrapper	61	218	69	275
Mixed filler & wrapper	(1)	(1)	(1)	(1)
Filler, unstemmed	2,373	635	2,828	891
Filler, stemmed	92	94	388	503
Scrap	1,186	229	2,894	609
Total [2]	36,548	22,742	24,819	12,019

[1] Included in wrapper. [2] Excludes stems.

Lebanon's Tobacco Output Rises Slightly

Lebanon's production of oriental, semi-oriental, and tombac tobaccos for 1967 is estimated at about 14 million pounds, a 3-percent increase over the production of the previous year. Current forecasts place the 1968 crop at about the 1967 level.

Crops and Markets Index

Cotton
15 U.S. Cotton Exports Decline During May
15 Israel Suspends Cotton Subsidy

Grains, Feeds, Pulses, and Seeds
15 Weekly Report on Rotterdam Grain Prices

Livestock and Meat Products
14 Estimated Meat Imports Revised Upward
14 First Quarter U.K. Lard Imports Climb
14 No Change in Canada's Lamb, Wool Support

Sugar, Fibers, and Tropical Products
15 Chinese Honey Invades British Market

Tobacco
16 West Germany Produces Fewer Cigarettes
16 U.S. Unmanufactured Tobacco Imports Down
16 Lebanon's Tobacco Output Rises Slightly

☆ U.S. GOVERNMENT PRINTING OFFICE : 1968 341-797 (1)